



SOLOMON SCHWEITZER
... \$185,000 stolen last year

Ex-Security Firm Head Pleads Guilty

Embezzling Plot Bared

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The founder and former president of a security service now owned by Peoples Drug Stores pleaded guilty yesterday to embezzling more than \$185,000 from the firm last year through a payroll padding scheme.

Solomon Schweitzer, 55, entered the plea in D.C. Superior Court after the government alleged that it could prove that Schweitzer stole about \$523,000 from Seaboard Service System Ltd. over a four-year period beginning in January, 1973, about the time Peoples acquired the firm.

Schweitzer, who said he earned \$55,

000 a year as Seaboard's president, used some of the stolen money to pay for his son's law school tuition. He also bought a Rolls Royce and two luxurious condominium apartments, one in Maryland and one in West Palm Beach, Fla., with the embezzled money, Assistant U.S. Attorney Eric B. Marcy told the court.

According to Marcy, Schweitzer also used some of the embezzled funds to purchase 45,000 shares of stock in Peoples.

Schweitzer sold the security firm to Peoples in April, 1973, reportedly

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EMBEZZLE, From A1

for \$35,000. Seaboard provides security services and special police officers to Peoples, Rodman Drug Stores, Safeway Stores and other industrial and commercial businesses, according to court papers filed yesterday.

The payroll padding scheme was discovered last November by auditors examining Peoples records in preparation for a merger with another drug firm, Marcy said. At that time, Schweitzer resigned as Seaboard's president and was succeeded by former D.C. Police Chief Jerry V. Wilson.

Schweitzer, in addition to being president and chief executive officer of Seaboard, was responsible for preparing and certifying the company payroll, according to the government's formal statement of charges against him.

As part of the scheme, government alleged, Schweitzer would certify to the Baltimore firm that prepared Seaboard's payroll checks for Schweitzer's signature that certain Seaboard employees had worked a certain number of hours when in fact they had not.

Marcy told Judge William E. Stewart Jr. that two checks then would be drawn, one of which Schweitzer would give to the employee and the other of which he would endorse and deposit in his own bank account, at the Union First Bank of Washington.

In addition, Marcy told Stewart, Schweitzer would also submit names, addresses and Social Security numbers of fictitious employees, and then endorse and deposit those paychecks.

After some employees received their statements of earnings and discovered that their salaries were listed as higher than what they had actually

received, Schweitzer stopped altering the records of existing employees, Marcy said.

In all, Marcy said, Schweitzer created about a dozen fictitious employees over the four-year period, with names like John Banks, Jackie Small and Tim Murphy. Schweitzer, Marcy said, also created phony Washington addresses for these fictitious employees, like 117 W. 23d St.

As a result, Marcy said, once a week Schweitzer would go to his bank and deposit about \$4,000. He said the government could prove that over the four-year period about \$523,000 was paid to fictitious employees. The government also had information that about \$85,000 was added to existing employees paychecks for Schweitzer's benefit, Marcy said.

The government charged that by using that method, Schweitzer allegedly embezzled \$38,239 from Seaboard in 1973, \$142,201 in 1974, \$157,038 in 1975 and \$185,548 in 1976, until he resigned the presidency of the firm.

Schweitzer pleaded guilty to one of four counts of embezzlement, involving funds taken in 1976. Judge Stewart scheduled sentencing for Nov. 14, at which time Marcy said the government will dismiss the other charges against Schweitzer. He was released on his personal recognizance.

Schweitzer could be sentenced to up to 10 years in prison, a \$1,000 fine or both on the embezzlement charge.

Civil damage suits were brought against Schweitzer by Peoples in an effort to collect the lost funds, Marcy said. A company spokesman yesterday refused to comment on the suits but said the claims have been settled and the cases, which were filed in the

Montgomery County court system, dismissed.

Schweitzer now lives in Westwood, Calif. Until about 2½ years ago, he lived in a 12-room home in a wealthy Bethesda neighborhood near the Burning Tree Country Club. According to a resident there, Schweitzer's colonial style home was valued at more than \$200,000 at that time.

Other than the Rolls Royce and the condominium in Florida, Schweitzer's lifestyle appeared to be without extravagance, the resident said.

The resident, who asked not to be identified, said Schweitzer, who suffers from a heart condition, sold his Bethesda home and moved to a condominium in Sumner, Md., because the strain of climbing the staircases in the house was affecting his health.

Yesterday, a nurse was present in the courtroom when Schweitzer entered his guilty plea. His lawyer, Seymour Glanzer, said the nurse was in attendance in case Schweitzer suffered any heart trouble during the proceeding.

Glanzer described his client as "a very sick man" who has had a valve implanted in his heart and regularly takes medication to prevent its malfunctioning.

Schweitzer's was the third notable embezzlement case brought this month by federal prosecutors.

A 30-year-old employee of the Department of Transportation was arrested Aug. 5 and charged with embezzling \$350,000 in government funds, which he allegedly used to purchase, among other things, a fleet of new cars, a house and a topless bar.

Last week, an assistant manager of a Riggs National Bank branch was arrested in connection with the theft of \$85,000 from a cash reserve vault at the bank's Dupont Circle branch.